

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

Denver, Colorado 80203

Phone: (303) 866-3567

FAX: (303) 832-8106



CASH ESCROW AGREEMENT

Escrow Agent: _____ Bank of _____
Street: _____
City: _____
State: _____ Zip Code: _____
Telephone: (_____) _____

STATE OF COLORADO
MINED LAND RECLAMATION BOARD
215 CENTENNIAL BUILDING
1313 SHERMAN STREET
DENVER, COLORADO 80203

Amount U.S. \$ _____
Account No. _____
ABA Routing No. _____

Operator: _____
Street: _____
City: _____
State: _____ Zip Code: _____
Telephone: _____

This cash escrow agreement ("Agreement") is effective as of the _____ day of _____, _____,
among _____ (the "Operator"), a _____ corporation,
the Mined Land Reclamation Board (the "Board") and _____ (the
financial institution), as Escrow Agent (the "Escrow Agent").

WITNESSETH

WHEREAS, the Operator and the Board have agreed to enter into this Agreement and to be bound by the terms and conditions contained herein for the purpose of the Operator's compliance with the Colorado Mined Land Reclamation Act, C.R.S. 34-32-101, et seq., and the Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for Hard Rock, Metal and Designated Mining Operations or the Colorado Land Reclamation Act for the Extraction of Construction Materials, C.R.S. 34-32.5-101, et seq., and the Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for the Extraction of Construction Materials and the requirement to maintain a financial warranty in good standing for the life of the permit. Whereas, the Escrow Agent has agreed to enter into this Agreement and to serve as Escrow Agent in accordance with the terms contained herein.

1. Establishment of Escrow:

(a) Upon execution of this Agreement, the Operator will deliver to the Escrow Agent the amount of _____ (\$ _____) (the "Escrow Funds"), which serves in whole or in part as the financial warranty required under the Colorado Mined Land Reclamation Act, C.R.S. 34-32-101, et seq., and the Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for Hard Rock, Metal and Designated Mining Operations or the Colorado Land Reclamation Act for the Extraction of Construction Materials, C.R.S. 34-32.5-101, et seq., and the Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for the Extraction of Construction Materials. Subject to the provisions of Section 1(b), below, if the Operator chooses to invest the Escrow Funds, the Escrow Agent, which shall be a well capitalized bank as defined in the Uniform Bank Performance Report, may only invest in (i) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentally thereof, including treasury bills, discount notes of the Federal Home Loan Bank, Federal National Mortgage Association, and Federal Farm Credit System (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than 180 days from the date of acquisition, (ii) time deposits, certificates of deposit and bankers' acceptances with maturities of not more than 180 days from the date of acquisition by such person of any commercial bank having, or which is the principal banking subsidiary of a bank holding company having, a long-term unsecured debt rating of at least "AAA" or the equivalent thereof from Standard & Poor's, (iii) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (ii) above, and (iv) investments in money market funds substantially all the assets of which are comprised of securities of the types described in clauses (i) through (iii) above, or (v) other instruments as approved by the Board.

(b) Investment of the Escrow Funds shall be proportioned as follows: (i) not less than 50% of the Escrow Funds shall be convertible into cash or other immediately available funds within 24 hours; and (ii) the balance of the Escrow Funds shall be convertible into cash or other immediately available funds within 180 days.

2. Preservation of Principal: If the principal falls below the initial requirement, the Operator will deposit additional funds within 30 days or post an additional or replacement financial warranty.

3. Interest: All interest earned from the Escrow Funds, after deduction of the Escrow Agent's fees and expenses, if any, shall be paid at the end of each month to the Operator to the following account or to such other account as designated by the Operator:

Bank Name: _____

Bank Address: _____

ABA No.: _____

Account No.: _____

4. Release of Escrow Funds:

(a) Release of Escrow Funds Due to Approved Release or Replacement of Financial Warranty: The Escrow Agent shall, within five business days, disburse the Escrow Funds, including interest, upon a copy of release from the Division of Reclamation, Mining and Safety and a written request from the Operator.

(b) Release of Escrow Funds Due to Forfeiture: Upon order of forfeiture of this Agreement by the Board, the Escrow Agent shall release the principal of the Escrow Funds to the Board within five days and in compliance with paragraph 1(b) above after receipt of a Board Order ordering the funds be forfeited. The Board Order shall be the only showing or presentment that needs to be made in order to entitle the Board to receive the Escrow Funds. The Escrow Funds shall be wired to the State of Colorado's Operating Account as specified by the Division of Reclamation, Mining and Safety, or mailed, by certified funds, to:

Mined Land Reclamation Board
Division of Reclamation, Mining and Safety
1313 Sherman St., Rm. 215
Denver, CO 80203

The Operator agrees not to contest or otherwise challenge the Escrow Agent's disbursement of the funds in this Agreement pursuant to this subparagraph 4(b). This language shall not be construed to interfere with, limit, waive or otherwise modify any rights the Operator has to appeal the decision of the Board including seeking judicial review.

5. Discharge of Escrow Agent: Upon final release and delivery of the Escrow Funds in accordance with this Agreement, the Escrow Agent shall stand fully relieved and discharged of any further duties hereunder and the Agreement shall be terminated.

6. Removal or Resignation of Escrow Agent:

(a) Removal: The Operator and the Board, acting through the Division of Reclamation, Mining and Safety, may mutually agree to remove the Escrow Agent and appoint a new escrow agent at any time and from time to time by giving written notice to the Escrow Agent 120 days prior to the effective date. Within 60 days after this notice, the Operator, with the consent of the Board, shall appoint a successor Escrow Agent to which the current Escrow Agent shall transfer the Escrow Funds. Any successor escrow agent shall be subject to the same obligations, duties and standards as the predecessor agent under this Agreement.

(b) Resignation: The Escrow Agent reserves the right to resign at any time by giving written notice of resignation to the Operator and the Board 120 days prior to the effective date. Within 60 days after receiving aforesaid notice, the Operator shall, with the consent of the Board, appoint a successor Escrow Agent. If the financial institution is a bank, it must be rated as well-capitalized as defined in the Uniform Bank Performance Report. The Escrow Agent must distribute the Escrow Funds to the successor Escrow Agent or the Operator must post an approved substitute financial warranty. Any successor escrow agent shall be subject to the same obligations, duties and standards as the predecessor agent under this Agreement.

(c) If the Operator and the Board cannot agree on an successor Escrow Agent or if the Operator does not post an approved substitute warranty within 60 days after giving notice of removal of Escrow Agent under 6(a) or receiving notice of resignation from the Escrow Agent under 6(b), the Board may order this Agreement forfeited and the Escrow Agent will distribute the escrow funds in accordance with 4(b).

7. Fees and Expenses:

(a) Escrow Agent: The Escrow Agent may charge a fee for acting as such under the terms of this Agreement, and the Escrow Agent shall be reimbursed by the Operator for its actual out of pocket expenses, if any, incurred by the Escrow Agent in maintaining and processing this Agreement. In no event shall the Board be responsible for any costs incurred by the Escrow Agent. The Escrow Agent may withdraw interest earned on the Escrow Funds for the payment of fees and expenses, if any. In no event shall the Escrow Agent withdraw the payment of fees or expenses from the principal.

(b) Board: As permitted by regulation, all reasonable costs and fees incurred by the Board or its agent or contractor in reviewing the monthly accounting statements submitted by the Escrow Agent, in accordance with paragraph 11, shall be paid by the Operator.

8. Notices: All notices, demands, requests, or other communications that may be or are required to be given, served, or sent by any party to any other party pursuant to this Agreement shall be in writing and shall be sent by next-day courier or mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, or transmitted by hand delivery, addressed as follows:

Operator: _____
Address: _____

The Board: Mined Land Reclamation Board
Division of Reclamation, Mining and Safety
1313 Sherman St., Rm. 215
Denver, CO 80203
Attn: Supervisor, Minerals Program

Escrow Agent: _____
Address: _____

Each party may designate by notice in writing a new address to which any notice, demand, request, or communication may thereafter be so given, served or sent. Each notice, demand, request, or communication that is mailed or delivered in the manner described above shall be deemed sufficiently given, served, sent and received for all purposes at such time as it is delivered to the address (with the return receipt, the delivery receipt or the affidavit of messenger being deemed conclusive evidence of such delivery) or at such time as delivery is refused by the address upon presentation.

9. Collateral: The Operator shall not use the escrow account or its funds as collateral for any loan, mortgage or other obligation of the Operator or as a guarantee for any obligation of the Operator.

10. Security Interest: The Board shall file a perfected security interest and lien upon the Escrow Funds in accordance with Article 9 of the Uniform Commercial Code as in effect in Colorado. The Operator shall not pledge or otherwise grant any security interest in the Escrow Funds, other than such interest to the Board as provided herein.

11. Reporting Obligations: The Escrow Agent shall provide to both the Operator and the Board a monthly account statement detailing the activities and interests earned on the Escrow Funds, the cost and market value of the Escrow Funds, and the balances of the various types of instruments into which the Escrow Funds are invested.

12. Annual Reporting:

(a) Change in Escrow Amount. On each anniversary of this Agreement, the Operator shall report to the Board the status of its activities under the Permit, including, but not limited to, the estimated reclamation costs for the area disturbed to date and the estimated amount of reclamation costs for the additional area to be disturbed during the following 12 months. Based upon this annual report, the Board may require the balance of the Escrow Funds be increased to an amount that is not less than the total amount of estimated reclamation costs. The Board shall notify the Operator in writing of any required increase in the amount of Escrow Funds and, within 60 days of the receipt of such notice, the Operator shall deposit the amount of the increase with the Escrow Agent.

(b) Annual Report. The Operator shall submit to the Board the corporation's annual report. Such annual report will list the Escrow Funds in the report footnotes. The Operator shall also submit to the Board an annual report of the financial institution acting as the Escrow Agent.

13. Responsibilities of Escrow Agent:

(a) Except in case of forfeiture as provided in paragraph 4(b) above (in which case the Escrow Agent must disburse the funds to the Board), if the Escrow Agent is threatened with conflicting claims or litigation by reason hereof, it is hereby authorized to interplead all interested parties in any court having jurisdiction and to deposit with the clerk of such court the Escrow Funds held by it and shall stand fully relieved and discharged of any further duties.

(b) The Escrow Agent may employ agents and attorneys, including attorneys who are members of or are employed by the Escrow Agent, for the reasonable protection of the property held hereunder and of itself and shall be reimbursed by the Operator for such costs as provided herein. In no event shall the Board be responsible for such costs.

(c) The Escrow Agent does not make any representations in connection with the use or subsequent placement by the Operator or the Board of any Escrow Funds that have been released. The Escrow Agent is not acting as legal counsel to either the Operator or the Board in connection with any transaction contemplated by this Agreement or the use of the Escrow Funds.

(d) The Escrow Agent may rely upon any instrument of writing believed by it to be genuine and sufficient and properly presented, and shall not be liable or responsible for any act taken or omitted in accordance with the provisions thereof.

(e) If the Escrow Agent receives a demand, court pleading, court order, judgment, or decree regarding this Agreement or the funds in the Agreement, the Escrow Agent must immediately (within 24 hours) give notice to the Operator and the Board of such fact. The Escrow Agent is authorized to use its discretion to obey any court order, judgment, or decree not less than five business days after receiving it, unless otherwise provided in such order, judgment, or decree. If the Escrow Agent complies with any court order, judgment, or decree, the Escrow Agent shall not be liable to the Operator or the Board by reason of such compliance notwithstanding the fact that such order, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated.

(f) The Escrow Agent shall not have any duties or responsibilities except as expressly provided herein nor have any liability or responsibility arising under any other agreement to which the Escrow Agent is not a party, even though reference thereto may be made herein.

14. Governing Law; Forum: This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of Colorado without regard to principles of conflicts or choice of law. The Colorado State Courts (or, if there is exclusive federal jurisdiction, the United States District Court for the District of Colorado) shall have exclusive jurisdiction and venue over any dispute arising out of the Agreement, and the parties hereby consent to the jurisdiction and venue of such courts.

15. Indemnification of Escrow Agent: The Operator hereby indemnifies and holds harmless the Escrow Agent from and against any and all loss, liability, cost, damage, and expense, including, without limitation, reasonable counsel fees, which the Escrow Agent may suffer or incur by reason of any action, claim or proceeding brought against the Escrow Agent arising out of or relating in any way to this Agreement or any transaction to which this Agreement relates unless such action, claim or proceeding is the result of the willful misconduct of the Escrow Agent. In no event shall the Board be responsible for indemnification of, or holding harmless, the Escrow Agent for any loss, liability, cost, damage or expense including counsel fees, the Escrow Agent may suffer or incur by reason of any action, claim or proceeding brought against the Escrow Agent arising out of or relating in any way to this Agreement.

16. Severability: If any provision of this Agreement is held to be invalid or unenforceable, it shall not affect the validity of any other provision hereof, all of which other provisions shall remain binding and in full force and effect.

17. Entire Agreement: This Agreement sets forth the entire agreement and understanding of the Operator, the Board, and the Escrow Agent.

Signatures

(Operator Name)

By: _____
(Operator)

Date: _____

Notarization of Operator's Signature

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, _____,
by _____ as _____ of _____.

NOTARY PUBLIC

My Commission expires: _____

(Escrow Agent)

By: _____

Date: _____

Notarization of Escrow Agent's Signature

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, _____,
by _____ as _____ of _____.

NOTARY PUBLIC

My Commission expires: _____

Mined Land Reclamation Board

By: _____

Date: _____

Notarization of Board Chairman

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, _____,
by _____ as _____ of _____.

NOTARY PUBLIC

My Commission expires: _____